



550 North California St, P.O. Box 7616, Missoula, Montana, 59807-7616

SENATE PUBLIC HEALTH, WELFARE & SAFETY

EXHIBIT NO. 2

DATE: 3.15.13

BILL NO. HB 12

Presentation to Senate Public Health Welfare & Safety

Retroactive Rates to Providers of Children's Mental Health Services – HB 12

By Geoffrey L. Birnbaum, Executive Director

Phone: 406 541-1643 ext 103

email: birnbaum@youthhomes.com

1. Youth Homes was founded in 1971. We started with 1 group home and today have 9 group homes and also provide, foster care, adoption services for high needs children and in home mental health services. We serve youth from mental health, youth corrections, youth courts and child protection services. We also accept youth from referrals from parents. We operate throughout Western Montana with local programs in Hamilton, Missoula, Ronan, Polson, Kalispell and Helena.
2. Most of the providers for out of home and in home services are established (and mostly non-profit) to serve the poorest Montana families. Medicaid and State Foster Care Rates are our usual source of payment in 95% of all cases. As with most providers we have few private payers to counterbalance low Medicaid rates.
3. For us to survive and serve, we must collect rates that are comparable to our costs. Decisions made by this State Legislature every two years impacts directly on the quality of the services we provide. While we also have the capacity, desire and ability to raise money, the past two decades have seen us spend more and more of that private money for basic services required by the State. Donors expect their funds to meet special needs such as facilities, activities and services that are beyond the notion of "basic" but give youth a step up, the chances to grow, dream and achieve more than they could ever have imagined... like their own kids.
4. Attached is a chart showing rates for a few services compared to the COLA during the periods of 1995 to 2013 and from 2008 to 2013. Below is a chart of some critical things we must all buy and how those process compare to rates paid by the State and increases compared to the COLA. If you follow the numbers for therapeutic group care you can see that our funding to serve one child is \$25,000 (adjusted to COLA) less than we had in 1995! In a 6 bed group home that totals to

\$150,000 each year we would need to raise to keep up with wages, expenses and just to stay even with what we could do in 1995.

5. At the last session, due to concerns over the economy and State Law requiring a balanced budget rates for all state contracted providers were returned to the level in Fiscal Year '08. This meant no increases to catch up to rates that had fallen behind and to address increasing costs we have seen in these past two years. Instead of any adjustment to current costs it was, in fact, a 2% rollback from rates at the end of Fiscal Year '11.
6. It seems, over my 36 years working for a provider serving the poorest Montanans, that the State budget is built upon costs that State Government needs to operate, including price increases for items that they need to purchase (such as gas, energy, paper and pay staff a fair wage). So State Government operations are funded and process set for these items are paid. Then providers who serve Montanans with critical services are told that our rates will have to come out of what is left. We also needed to pay for gas, energy, paper and pay our staff a fair wage. But while State Government got funded on the concept of "current law," we got our rates reduced. Not to whine too much but it feels as though the State Budget was balanced on our backs.
6. So I appreciate your concern and efforts to insure a balanced budget and glad you were successful. But now you have a surplus and determining what to spend it on. I would ask that you consider our rate rollbacks as a loan and consider paying us back before you go forward. That seems fair to me.
7. I hope it feels that way to you and agree to reinstate the rates from Fiscal '11 into the budget for the coming biennium. From there I hope we can receive reasonable and further adjustments to continue the quality staff and services we have provided for over 40 years.

Thank you for your time and the chance to share my concerns.

State Rates

Comparisons to COLA

FY 95 - FY 13 = 18 years

7-Feb-2013

Rates over 18 years - Fiscal 95 through Fiscal 13							
Provider Rates	FY '95	FY '13	Actual	Rate Adj	% behind	Amt Lost	Amt lost
	Actual	Actual	% Increase	to COLA	COLA	to COLA	per client/year
	\$ 190.00	\$ 224.98	18%	\$ 294.33	-24%	\$ 69.35	\$ 25,313.69
	\$ 107.34	\$ 134.14	25%	\$ 166.28	-19%	\$ 32.14	\$ 11,731.98
						8 Bed Home	\$ 93,855.84

Costs for common items in budgets			
Health Insurance per individual	\$ 64.82	\$ 294.15	354%
Gallon of gas	\$ 1.079	\$ 3.00	178%
Liability Insurance	\$ 19,604.00	\$ 86,591.00	342%
Utilities for 1 group home	\$ 3,511.50	\$ 4,625.00	32%
Starting hourly pay for Line Counselor	\$ 6.75	\$ 10.00	48%
Agency Therapist	\$ 13.00	\$ 20.96	61%

Note: Percentage Increase in COLA since 1996 = **54.9%**

Submitted by:

Geoffrey Birnbaum, Executive Director

Youth Homes Inc. & Partnership for Children

birnbaum@youthhomes.com

406.541.163

and representing **Montana Children's Initiative**

March 15, 2013



MT Legislature—Senate Health Public Welfare & Safety Committee
RE: HB12 Provider Rate Increase

Senator Jason Priest, Chairman:

I am here to speak on behalf of the Montana Children's Initiative (MCI); an association of children's mental health providers across the state providing services to children and families. Services include community and in patient services for children and families: Outpatient Therapy, Assessment and Evaluation, Case Management, School Based Mental Health, In-Home Family Services, Therapeutic Foster Care (changing to be called Home Support Services), Adoption, Wraparound (formerly referred to as PRTF-Waiver and now called Montana I-Home), Community Group Homes, and Psychiatric Residential Treatment Centers. Services are provided in communities across Montana to vulnerable children and families at every level of care. We support communities not only by taking care of their most high risk children, but also employ many staff in a variety of communities impacting the economy in each of these areas.

I also represent my organization, Intermountain, which has been providing care and services to children and families for over 100 years. Services provided currently range from Residential to Outpatient Community Based services. We served 1300 children and their families in many communities across Montana in 2012. Intermountain also employs over 200 staff in order to provide these services.

I would like to thank the CFHHS Interim Committee for taking the time to hear and understand the impacts of a lack of rate increases over the past years for providers during their interim committee meetings. I would also like to thank Representative Pease-Lopez for sponsoring this bill and her continued support of Montana's children and families.

In Mr. Birnbaum from Youth Homes written testimony, he refers to the impact of losing COLA since 1995 at \$25,000 per child in a group home or \$150,000 for a 6 bed facility and \$200,000 for an 8-bed facility. I would like to tell you what those numbers mean to an organization like mine in reality. Here are a few examples of what this impact looks like in our organization:

- **Increasing demand to raise funds.** In FY12, Intermountain needed to fundraise \$2.5 million of our \$11 million dollar budget in a limited demographic environment.
- **No Cost of Living Raise.** Intermountain hasn't offered a staff Cost of Living Raise to our employees since 2008. This makes it very difficult to retain staff. For our direct care positions, we are competing with Wal-Mart and Costco. It is much less emotionally demanding and draining to work for these companies for the same amount of money and a better offering of benefits.
- **Reduction in benefits.** For the past 6 years Intermountain has had to increasingly pass the cost of health insurance to our employees. We also offer a pension program to our staff. This has become more and more difficult to afford. Since FY10, the fees associated with this and Intermountain's contribution match has increased 16%. One of the considerations we continue to weigh each budget year is the agency pension match and if it is as affordable from the standpoint of the agency's financial sustainability. We have already decreased the amount of match Intermountain contributes. The match is now so low that the next step would be not offering a match at all. Benefits such as this are critical in our ability to attract, compete for and retain top level direct care staff in an environment where it is already difficult to recruit and retain quality people.



- **Unable to Keep up with Uncontrollable Rise in Cost to do Business.** Since Fiscal Year 2010 our organization has experienced:

<ul style="list-style-type: none"> – 8% increase in Payroll Taxes – 33% increase in Unemployment Taxes – 20% increase in Workman's Compensation Insurance – 24% increase in Electricity – 26% increase in Natural Gas 	<ul style="list-style-type: none"> – 35% increase in Telephone Services – 14% increase in Water/Sewer – 6% increase in Auto Insurance – 47% increase General Liability Insurance – 6 % increase in Food and Gas for Vehicles
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- **Shift our payer mix to less Medicaid clients and more insurance and private payers.** In many of our services, Intermountain has had to serve less and less Medicaid clients in order keep our doors open and providing services to the limited amount of Medicaid clients we can afford. This is perhaps the most difficult decision Intermountain has had to make, as our whole reason for operating is to serve this most vulnerable and needy populations. But in order to keep providing services to a smaller population of these clients, we have had to make this shift. This results in longer waiting lists for services and longer timeframes for clients to receive their initial appointment. It is not uncommon for Medicaid clients to have to wait 2-3 months to have their first initial appointment. Due to the needs of the Medicaid population we serve, what ends up happening when a provider like Intermountain has to defer and push out appointments for new Medicaid clients, they continue to decompensate to the point that they then are in crisis and need acute care, which is far more costly to the state, than if we could have afforded to serve them in the outpatient community setting in the first place.

- **Reduce or close programs and services.** Intermountain and other providers have seen a reduction of staff, closure of programs or services as we can't make it work with the current rates. Intermountain recently closed our shelter program in Kalispell because the shelter rate is so low that you only receive 50% of what it costs to provide the service and there just isn't anyway to raise enough private dollars to continue to subsidize that rate. Young kids from ages 0-10 in that area now must be driven to Missoula to be placed in shelters in that community.

- **Deferring any Information Technology Expenses.** Eventually this will not be sustainable. In addition, we have a 2014 deadline where we are mandated to have enhanced electronic technology in place according to HIPAA. It will be impossible for many providers to meet this requirement simply because they can't afford the funds to purchase the software.

- **Reduce Supervision of Licensed Mental Health Professionals.** Intermountain has had to cut back on administrative and supervision activities of clinicians in order to increase their client caseload and increase production. This is detrimental and myopic to staff development and impacts quality of care.

- **Reduce Public Relations and Marketing.** This in turn decreases our ability to attract Intermountain supporters and impacts fundraising efforts.

- **Cut training and travel.** Doing this impedes staff knowledge of the latest trends and treatment advances and impacts the quality of care we can provide. This is also one of the things that help us retain staff.

With the lack of adequate rates coupled with the increase in expenses, we are at a point where there really isn't anymore "give" in the annual budgets. Compounding this are external pressures such as Medicaid audits (with a threat of paybacks always looming) and regulation increases/restrictions of our licensing without any funding support for the expense of administering the additional requirements, and expense increases of serving clients with quality staff. In the new Home Support Services rule amendments that were just completed, Intermountain will receive an approximated \$157,500 loss of revenue in FY14 that could have been billed for family therapy prior to the rule change. With the rule change, we are now to assume this service within the current rate (which already is far below the cost to provide the service). This is an example of unfunded mandates and cuts to rates we receive through rule changes.

It is difficult to understand why this continues to be the case when we have such a large overage of funds in our State's budget end balance. Providers are contractors for the state to provide critical services in communities across the state. We are similar to a contractor who provides the state a service by building a bridge. They agree to build the bridge for a certain amount and this amount will cover their cost for supplies and people to build the bridge and some additional to hopefully make a profit. It would be a dangerous to pay the contractor that builds this bridge 75% of what it costs for them to do the job. We'd end up with bridges that weren't safe. Why then is it okay to pay contractors of health, mental health, and other types of services considerably less than it costs to provide the service?

We respectfully implore you to support HB12 and take the first step toward reparation that two decades of lack of increases in providers/contractors rates in Montana has done. Thank you.

Lora Cowee, Government Relations & MCI Board Member
Intermountain
(406) 442-7920
lorac@intermountain.org

Montana Children's Initiative Members:

Acadia Montana, Butte
Bitterroot Valley Educational Co-op, Stevensville
Billings Clinic Psychiatric Services, Billings
Excel, Inc., Billings
Florence Crittenton Home & Services, Helena
Intermountain, Helena, Great Falls, Butte & Kalispell
Kairos Youth Services, Great Falls
Montana State Foster/Adoptive Parent Association
Montana Community Services, Inc., Billings
Partnership for Children, Missoula
Rocky Mountain Youth Services, Helena
Watson Children's Center, Missoula
Western Montana Mental Health Center, Missoula, Kalispell, Butte & Bozeman
Yellowstone Boys and Girls Ranch, Billings
Youth Homes, Missoula
Youth Dynamics, Billings, Helena & Kalispell

Contact: Erin McGowan Fincham, Executive Director—(406) 356-7802; emcgowanfincham@mt.net
Contact: Jim Ahrens, Lobbyist—(406) 439-1585; ahrens@3riversdbs.net